



**CITY OF SCOTTSDALE
TOURISM DEVELOPMENT COMMISSION
REGULAR MEETING**

Tuesday, October 18, 2016

**Kiva Forum - City Hall
3939 N. Drinkwater Boulevard
Scottsdale, Arizona 85251
DRAFT MINUTES**

PRESENT: David Scholefield, Chairperson
Ren Hirose, Vice Chairperson
Frank Ashmore
Linda Dillenbeck
Carl Grupp
Camille Hill
Robert McCreary

STAFF: Steve Geiogamah
Karen Churchard
Lee Guillory
Jeff Nichols
Dan Worth

GUESTS: Diana Larowe, Arizona Asian Festival
Patricia Carstens, Arizona Asian Festival
Donna Isaac, Scottsdale Public Art
Deborah Fiorentino, West 54th Media Group

1. Call to Order/Roll Call

Chairperson Scholefield called the regular meeting of the Scottsdale Tourism Development Commission to order at 8:01 a.m., and noted the presence of a quorum.

2. Approval of Minutes

- September 20, 2016 Regular Meeting

Chairperson Scholefield requested three changes.

**COMMISSIONER MCCREARY MOVED TO APPROVE THE MINUTES OF THE
AUGUST 16, 2016 REGULAR MEETING AS AMENDED. COMMISSIONER GRUPP**

SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

3. Manager Reports

a. Staff Bed Tax Report

Steve Geiogamah reported that bed tax collections are up 16%, while year to date collections are up 13%. Restaurants are up YTD by 5%, and miscellaneous YTD retail tax collections are up 3%. He noted that classification changes were made to several properties in July, and presented a comparison between pre and post change numbers. Resorts are up 11.5% according post change, and up 12.5% pre change. Full service properties were up 6.9 post change, and up 7.9% pre change. Limited properties were up 11.9% post change, compared to almost 15% pre change. Staff is still in the process of evaluating the best way to present this data.

b. Bed Tax Proforma

Mr. Geiogamah indicated a change to the proforma that provides an estimate for FY 2016/17.

Chairperson Scholefield suggested notating the point when actual numbers become final numbers. Vice Chairperson Hirose inquired about the allocation for the Food and Wine Festival. Mr. Geiogamah said City Council will consider it on October 25. The allocation will be added to the proforma next month, as will the Grand Prix event, depending on City Council's decisions. Lee Guillory noted that the proforma shows the total potential Museum of the West liability as \$800,000. The final payment will be made in FY 2017/18.

c. Smith Travel Report

Mr. Geiogamah stated that the average daily rate for the 12 months prior to August was up 1.2% compared to the prior year. Revpar was up at 1.1%. Occupancy was relatively flat -0.1%. Group travel revpar was flat at -0.5%, while occupancy was down at -2.1%.

Chairperson Scholefield inquired about STR data that would differentiate between northern and southern Scottsdale properties. Mr. Geiogamah responded that staff has prepared a draft map that could be used to categorize properties geographically.

d. Program Updates

Mr. Geiogamah said City Council approved the Tourism Strategic Plan budget contingency transfer of \$745,000 on October 10. Tourism staff has been working with Legal and the Planning Department to update the Sign Ordinance. Open houses will be scheduled in early December for initial public feedback.

Chairperson Scholefield requested that the TDC be kept apprised of any changes to the Sign Ordinance. He inquired about potential impacts to the bed tax proforma. Mr. Geiogamah responded that none are anticipated.

4. Event Funding Program Recommendations

Mr. Geiogamah presented four funding recommendations from the Event Working Group. All four are community events.

a) Arizona Asian Festival

The festival will take place on December 3 and 4 at the Civic Center Mall. Attendance last year was 6,000; 8,000 are anticipated this year. The recommendation last year was for \$15,000, and the working group recommended \$11,000, which includes a 10% seasonality incentive.

b) Parada del Sol Rodeo

Parada del Sol Rodeo takes place at WestWorld and attendance last year was over 10,000. Recommended funding is \$20,000, which is the same as last year.

c) Scottsdale Culinary Festival

The festival takes place from April 7 through 9 at Civic Center Mall. Attendance last year was 28,500. Between 25,000 and 30,000 are anticipated this time. The funding for last year was \$15,000, and the working group recommended \$15,000 this year.

d) ArtWalk Gold Palette

This series encompasses seven specific events that take place throughout the year in conjunction with the ArtWalk. The anticipated attendance is between 7,000 and 10,000. Last year's funding was \$30,000, and the recommendation this year is \$31,286, which includes a 10% seasonality incentive.

Diana Larowe, with the Arizona Asian Festival, said the festival is requesting \$15,000, the same amount as last year, and the budget was prepared with that amount in mind. She addressed the working group's concern over the festival's marketing efforts, particularly the website. The festival will expand this year, as will the marketing effort. The website has been changed to make it more vibrant and forthcoming. Over 1,000 postcards a month have been mailed to Scottsdale residents since August. An email blast through Facebook has generated over 8,000 likes so far, and over 1,200 of the respondents have said they will be coming. Students from Mesa Community College have helped boost the social media campaign. Flyers have been posted throughout the Valley. Networking efforts are planned at Mekong Plaza, the Diversity Expo, and other locations. Ads will appear in local Asian-American newspapers. The additional funding would be used to produce an overhead street sign on Scottsdale Road. Festival information will be delivered to Scottsdale resorts and hotels. The Taiwanese Little League Baseball Team will appear on Sunday. Patricia Carstens said the festival is distinctive in that it features 16 Asian cultures in one place.

Commissioner Hill inquired about the target demographic for the Arizona Asian Festival. Ms. Larowe said it is appropriate for people of all ages from the general population. The mission of the Arizona Asian-American Association is to increase the public's awareness of Asian cultural diversity present in the state. It is also a great opportunity for the

various Asian-American communities to interact with each other and build a sense of pride and unity.

Vice Chairperson Hirose inquired about the number of outside visitors. Ms. Larowe explained that the intent is to capture that information to a greater degree this year. Chairperson Scholefield encouraged event planners to include all relevant information in the applications, as it will make the evaluation process much easier. Ms. Larowe noted that the new application does not ask for marketing plan information.

Commissioner Ashmore inquired about the event sponsors. Ms. Larowe explained that State Farm is sponsoring at the \$5,000 level, Boeing at \$3,000, while Edward Jones and SRP will also be supporting. Delta Airlines will not be able to participate this year. Mr. Geiogamah noted that the current program criteria require Scottsdale to receive the same recognition that other sponsors would receive at the same level. Ms. Larowe added that Scottsdale is effectively the title sponsor.

COMMISSIONER DILLENBECK MOVED TO APPROVE THE EVENT FUNDING RECOMMENDATIONS AND INCREASE THE ARIZONA ASIAN FESTIVAL ALLOTMENT TO \$15,000 PLUS THE 10% SEASONALITY INCENTIVE. COMMISSIONER HILL SECONDED. THE MOTION CARRIED BY A UNANIMOUS VOTE OF SEVEN (7) TO ZERO (0).

5. Tourism Strategic Plan Update

Karen Churchard reported that work has begun on a western event, a Cactus League luncheon, and Scottsdazzle. A general summer promotion is being created for downtown Scottsdale.

Commissioner Dillenbeck questioned the need to target baseball fans at a time of year when the Valley is already filled with them. Ms. Churchard explained that the San Francisco Giants want to work with Scottsdale to boost attendance during the first week of spring training, and there is strong support for promoting Scottsdale as a year-round baseball destination with fall and summer leagues as well. Vice Chairperson Hirose felt the emphasis should be on the summer and fall leagues, since they are not being held during the peak season.

Chairperson Scholefield inquired about the need to protect funds to write, manage, and execute the next strategic plan. Mr. Geiogamah explained that in the past, \$100,000 has been allocated for that purpose. Generally, the TDC has funded the execution of the strategic plan, and staff has implemented it. A different approach was used last time in that a consultant was brought on to help manage the process. Staff is still evaluating the best approach moving forward. Chairperson Scholefield felt that money should be set aside soon, as a number of different uses are already being suggested for it. Ms. Churchard said staff would return with a recommendation next month.

6. FY 2017/18 Tourism Program Out of Budget Preparation

Karen Churchard requested TDC feedback on proposed uses for out of budget bed tax funds. One idea is to increase money in the administration/research budget to hire a communications/marketing person who would specialize in promoting local events and

attractions. The research program would also be upgraded. Another idea is to increase event funding development budget to allocate money towards some of the City of Scottsdale events that are emerging from the strategic plan.

Vice Chairperson Hirose said Scottsdale has many good events that could become great ones if they were more extensively marketed with the help of a specialist. Commissioner Dillenbeck asked whether any of the Scottsdale events could be grown into signature events. Ms. Churchard responded that discussions have been held regarding that subject, but there are gift clause issues that must be considered.

Chairperson Scholefield said the TDC in principle supports both ideas, but reserves the right to provide feedback on actual dollar amounts and proposed changes to criteria. If the TDC is to request an adjustment to Article 21(a), the entire article should be reviewed to determine whether other changes are necessary. Ms. Churchard said she would return in November and December with updates.

7. WestWorld Master Plan Update

Dan Worth, Public Works Director, made a request for \$300,000 in Tourism funding to develop a Municipal Use Master Site Plan (MUMSP) for WestWorld. The MUMSP has two different purposes: zoning of City property; and traditional planning for Scottsdale's Bureau of Reclamation (BoR) land. The planning process helps develop the investments that the City makes in a way that best helps a very diverse group of stakeholders. A master plan update is a necessary first step that would precede any investment plan that includes new capital projects. The last master plan for WestWorld was done in 2007, which was itself an update of a previous plan from 2003. An investment strategy was developed for that plan, and the new amenities were built. It is now essentially built out.

Mr. Worth said the list of proposed projects includes 13 different capital investments, some of which were proposed by WestWorld staff, but nine of which were explained by Jason Rose in a previous presentation made to the TDC. Not including ten acres of land that could be acquired along Bell Road, about \$4.5 million worth of capital investment is being proposed. The money could come from the General Fund, but that route would slow the planning process down considerably as they would have to compete with many other priorities citywide. If investments are found to hold genuine tourism benefits, the bed tax route would be the quickest way to fund the MUMSP.

Commissioner Grupp stated that some of the projects seem more relevant to attracting tourist business than others, and he asked whether the proposal is on an all or nothing basis. Mr. Worth responded that the cost of developing the MUMSP will be similar regardless of the projects considered. The plan will prioritize the project list and choices will be made depending on the amount of money available to build them. Commissioner Dillenbeck inquired about the APS power lines matter. Mr. Worth explained that the undergrounding project would benefit the business park to the north, but not WestWorld itself. The cost to remove the visual obstruction of the power lines near WestWorld would cost a significant amount of additional money and would require BoR approval.

Commissioner Hill inquired about the estimated cost of the Bell Road land acquisition. Mr. Worth noted that the BoR process can take a year, but if the parcel was bought today, it would probably cost between \$7 million and \$8 million. At least two studies have pointed out the viability of using the area along Bell Road as the main entrance, instead of 94th Street.

Vice Chairperson Hirose felt that the proposed improvements would benefit more than just tourism, and not all of the money should come from the bed tax. Planning is important, but it could take a couple of years. Not all of the projects need a master site plan. Having \$300,000 tied up in a plan that might go nowhere would take that money away from amenities that have already been identified as tourist-related and business generating. Mr. Worth listed the projects that would not need a master site plan. He clarified that staff intends to initiate the MUMSP at the November City Council meeting. Several projects have already been submitted to the CIP budget and will move through that process concurrently with the MUMSP. They can be adjusted according to the identified needs of stakeholders. The MUMSP will take a year to complete.

Commissioner Hill noted that some of the projects on the list would have enabled WestWorld to pursue certain types of business had they been in the inventory earlier. Mr. Worth said the planning process is designed to identify the priorities of stakeholders, and staff will seek the Commission's input on projects that would have the greatest tourism impact. Chairperson Scholefield asked where the money would come from to build the projects. Mr. Worth explained that standard sources such as Bed Tax, the General Fund, and general obligation bonds could be used.

Mr. Geiogamah noted that the TDC could opt to take the money from the carryover fund, which is the largest available source. A combination of funding sources is also possible.

Commissioner Grupp proposed a motion in favor of using bed tax money to fund a portion of the cost, while having staff seek out non bed tax sources for the remainder. He found it hard to justify spending \$300,000 on projects that would not generate that much tourism business. Commissioner Hill seconded that motion, but then proposed an alternative motion that the Commission voted on.

COMMISSIONER HILL MOVED TO APPROVE THE ALLOCATION OF \$150,000 IN CARRYOVER BED TAX FUNDS TO SUPPORT THE MUNICIPAL USE MASTER SITE PLAN. COMMISSIONER DILLENBECK SECONDED. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO TWO (2), WITH VICE CHAIRPERSON HIROSE AND COMMISSIONER ASHMORE DISSENTING.

8. Canal Convergence Event Update

Donna Isaac, Director of Scottsdale Public Art, said Canal Convergence is a unique public art experience produced annually at the Waterfront. Attendance has been building each year and it has been gaining international recognition. It grew by 84% last year and is poised to become a destination event in the next year. This event offers an opportunity for residents and visitors to experience art in a public space, created by nationally and internationally recognized artists. People can interact with art, participate in workshops, and experience live music and performances. It is intended for people of

all ages. For the first time, advertising exposure was received outside Arizona, including Colorado, Canada, Australia and South Korea. More artists of international renown are being drawn to Canal Convergence as its reputation grows.

Ms. Isaac said the Saturday Evening Twilight Performance is so well known that it draws hundreds of people on its own. Los Trompos, by Héctor Esrawe and Ignacio Cadena, will be installed in November in support the Scottsdazzle holiday event, and reconvene for Canal Convergence. This year, artists are coming from California, France, Canada, Ukraine, and Belgium. Artists are traveling with their studio teams and 200 room nights are being booked by them. Many are presenting art in the U.S. for the first time.

Commissioner Dillenbeck asked whether artists are paid to exhibit. Ms. Isaac said they are all under contract and the festival pays their expenses. Commissioner Grupp inquired about the possibility of stretching it into a year-round event. Ms. Isaac said expansion has been discussed, but significant costs are involved.

Chairperson Scholefield inquired about the possibility of negotiating to keep the structures installed, as they would add to the night life along the canal. Ms. Isaac said the commission has specifically been arranged for Canal Convergence, and the works often go on to other places after the event. Maintenance is an issue with many of the works because they are in the water. Scottsdale has already purchased Los Trompos. It is now part of the City's collection and can be brought back for moments of activation. Chairperson Scholefield stated that if cost is the main concern, perhaps sponsors could be found. The TDC would also be willing to consider supporting works that add to the ambiance of downtown.

9. CRUSHBREW Festival Event Proposal

Vice Chairperson Hirose recused himself from this discussion.

Deborah Fiorentino, West 54th Media Group, requested \$35,000 in event development funding to support the CRUSHBREW Festival, a two-day event taking place at the Waterfront on February 18 and 19, 2017. This will be the second year of the festival, which attracted 4,200 people last year. Eighty craft beverage exhibitors and ten bands will be featured. Eleven brewers will be in attendance. Six wood-fired pizza chefs will compete in a contest. The event generated more than 100 room nights, and received more than 3.5 million media impressions over a two-month marketing period. The organizers alone injected \$150,000 of economic benefit into the community just by producing the event. Attendees came from California, Texas, Oregon, Colorado and Pennsylvania, and sponsors were drawn from across the nation.

Ms. Fiorentino noted that last year's festival was held on a Friday/Saturday, which created some logistical problems and also led to lackluster attendance on Friday. This year's festival was shifted to Saturday/Sunday. Tickets are \$50 for general admission, and \$90 for VIP. It is projected that 5,000 GA tickets will be sold this year, along with 500 VIP. An invitation-only Maker Celebration will be held on Friday, February 17 at Casablanca Lounge. The number of tasting tents will be reduced to leave more room for navigation. Mixologists will hold demonstrations. The festival will partner with the

W Hotel on an after party and a Sunday brunch. This year's event will have more of a culinary aspect to it, and be focused on Scottsdale restaurants and chefs.

Ms. Fiorentino stated that CRUSHBREW embraces the craft beverage revolution, and provides consumers with an opportunity to taste various small batch beverages from across the country at once. Crafters are encouraged to staff the booths and meet the public. It is as much an education event as a tasting festival. Craft brewing is playing a role in tourism around the nation. Downtown Scottsdale has an emerging craft beverage scene, and there is opportunity to turn it into a hub for the industry. W Hotel and Marriott Suites have extended special rates to festivalgoers. Reservation links are provided on the event website.

Ms. Fiorentino explained that the print media advertising includes a range of local press, as well as national publications within the industry. On the digital front, an aggressive email marketing campaign will begin in January. The emails will drive traffic to area restaurants. A heavy social media campaign will run on Facebook, consisting of sponsored ads and boost posts, both locally and in targeted cities. A Google ad campaign is also planned. A multi-year partnership has been signed with CBS Radio, who will promote the event locally and help bring in national sponsors. An outreach street team will pass out promotional flyers at events within a driveable range leading up to CRUSHBREW.

Ms. Fiorentino said Fortune 100 brands from across the country are being presented with sponsorship opportunities. Craft beverage representatives from nine states as well as Australia, Italy, New Zealand, and Spain will participate.

Commissioner Grupp queried whether there will be a focus on Arizona, especially the wine scene. Ms. Fiorentino responded that nine Arizona wineries participated last time. This year, an area called State 48 will showcase all the Arizona wineries, breweries and distilleries. Commissioner Grupp asked whether the Portland, Denver and Austin markets are specifically being targeted for outreach, considering their positions in the craft beverage industry. Ms. Fiorentino responded that they absolutely will.

Commissioner Hill felt that the marketing efforts should start sooner than January to give people more time to plan a trip to Arizona. Ms. Fiorentino said marketing starts in December; it is just the email campaign that will start in January. Commissioner Ashmore inquired about other sponsorship money that has been raised for the event. Ms. Fiorentino reported that so far, \$22,000 has been sold in sponsorships, but the sales effort is ongoing. All branding makes mention of downtown Scottsdale.

Chairperson Scholefield called for a motion, but none was forthcoming. Ms. Fiorentino inquired about the Commission's concerns. Commissioner Ashmore felt personally that \$35,000 was too much for the number of people brought in, and noted that a very narrowly focused demographic is targeted. Commissioner Dillenbeck concurred. Commissioner Ashmore suggested that \$5,000 would be a good starting point to see if the event can be expanded, and more Scottsdale restaurants involved.

Mr. Geiogamah stated that the TDC would have opportunities to increase the allocation next year. He suggested that staff could work with the producers and return with a modified proposal next month. If the allocation falls below \$30,000, the money would

have to come from another fund. Commissioner Hill noted that the event more than qualifies under the marketing expenditure criterion.

COMMISSIONER ASHMORE MOVED TO APPROVE FUNDING IN THE AMOUNT OF \$5,000 FOR THE CRUSHBREW FESTIVAL. COMMISSIONER DILLENBECK SECONDED THE MOTION. THE MOTION CARRIED BY A VOTE OF FIVE (5) TO ONE (1), WITH COMMISSIONER HILL DISSENTING. VICE CHAIRPERSON HIROSE RECUSED HIMSELF.

10. Public Comment

Public comments addressed in Item 4.

11. Identification of Future Agenda Items

The next scheduled meeting is November 15, 2016. Possible agenda items include an update on the Strategic Plan, and a review of Financial Policy 21(a). In the near future, the TDC will have a discussion on revised guidelines for the New Event Development Program. Vice Chairperson Hirose requested a report on the marketing plan for the Museum of the West for either November or December.

Adjournment

The meeting adjourned at 10:11 a.m.

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